

# Ohio PERS NEWS

YOUR BENEFIT CONNECTION

News and information for active members of the Ohio Public Employees Retirement System

Combined Plan

## Pension reform legislation introduced

A message from Chris DeRose, CEO

In 2010, the OPERS Board and staff concentrated their efforts on seeking the introduction of legislation to enact a series of incremental changes to the current benefit plan, and on Feb. 1, 2011, House Bill 69, sponsored by Rep. Lynn Wachtmann (R-Napoleon), and Senate Bill 3, sponsored by Sen. Keith Faber (R-Celina), were introduced.

Ohio House Health and Aging Committee during its first hearing Jan. 26. With a few exceptions, they were similar to the proposals presented to the Ohio Retirement Study Council at the end of 2009.



Chris DeRose

The 129th Ohio General Assembly acted swiftly to introduce pension reform legislation, identifying it as one of the top priority bills. Both H.B. 69 and S.B. 3 are considered simply “placeholder” bills, meaning that we should expect more changes to be introduced in substitute bills in the future. While H.B. 69 closely reflects the plan modifications

During my presentation, I emphasized that OPERS remains compliant with Ohio law requiring the pension fund be within a 30-year window for paying off obligations. I stressed the need for benefit plan design legislation to be passed quickly in order for OPERS to maintain its long-term solvency and continue providing retirees access to health care. I stressed that OPERS is a major economic engine for Ohio, pumping more than \$5.2 billion in pension and health care payments into the Ohio economy. I mentioned that OPERS’ preliminary, unaudited investment returns for 2010 were 13.91 percent, well above the annual actuarial target rate of 8 percent, and the pension and health-care funds totaled \$75.7 billion as of Dec. 31, 2010.

recommended by the OPERS Board of Trustees, Rep. Wachtmann added that there will be an opportunity for debate as the bill makes its way through subcommittees.

I, along with the executive directors of Ohio’s other four pension systems, presented our board’s proposed benefit plan modifications to members of the

Our government relations team continues to meet with members of the Ohio General Assembly in an effort to advocate for support of our board’s benefit plan design recommendations.

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## pension reform legislation

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Ohio PERS NEWS – Your Benefit Connection is a quarterly newsletter providing news and information to more than 374,000 active members of the Ohio Public Employees Retirement System. An active member is anyone currently contributing toward an Ohio PERS retirement benefit. This publication allows us to communicate vital information concerning retirement benefits to our active members and also educate them on the services we provide.

### CONTACT INFORMATION:

www.opers.org  
1-800-222-7377  
newsfeedback@opers.org

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*It is your responsibility to be certain that OPERS has your current address on file. If OPERS is not made aware of address changes, we cannot guarantee that you will receive important information pertaining to your OPERS account.*

*This newsletter is written in plain language for use by members of the Ohio Public Employees Retirement System. It is not intended as a substitute for the federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code, or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement Board, or regulation of the Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney.*

We will keep our members, retirees and stakeholders informed as the legislation is debated and will post regular updates on our website, [www.OPERS.org](http://www.OPERS.org). In addition to the OPERS website, important news, legislative activity and requests for member and retiree involvement also will be communicated through e-mail news bulletins. In order to receive these e-mail bulletins, please be sure you are a registered user of My Benefits System (MBS) and your e-mail address in MBS is current. If you haven't registered, MBS is easily accessed from the front page of the OPERS website, [www.opers.org](http://www.opers.org). Our newsletters will still be provided three times per year, covering legislative activity and events that occurred in the previous four months.

2011 promises to be a pivotal year and OPERS will need the support and involvement of our member population more than ever before. We need to ensure that elected officials, as well as the general public, understand how vital OPERS pensions and access to health care coverage are – not only to public employers and employees but to Ohio's economy as a whole. OPERS provides the state of Ohio with an economic engine fueled by benefit and health care payments to our retirees all across the state, who in turn, are consumers of goods and services from Ohio companies. Thank you for your continued support of OPERS.

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## OPERS to introduce a Self-Directed Brokerage Account

Beginning March 2011, OPERS will introduce the option of a Self-Directed Brokerage Account (SDBA) to Member-Directed and Combined Plan participants. The SDBA will offer only mutual funds and will broaden the amount of active management available to interested plan participants.

The new SDBA option will feature the following parameters:

- Individual account minimum of \$5,000 is required before SDBA can be used
- Maximum of 50 percent of the member's individual account can be invested in SDBA

For more information, visit the OPERS website, [www.opers.org](http://www.opers.org), or call the OPERS Help Line at 1-866-673-7748.

# Changes to OPERS investment options

## Recent changes now in effect

Recently, the OPERS Board of Trustees voted to change the management type of some of our core funds and enhance the diversification of our target date funds, to provide a greater investment option lineup.

### Changes that went into effect Dec. 3, 2010:

1. The core OPERS investment options became primarily passively-managed (index) funds. The OPERS Stable Value Fund is the only option that remained actively managed.
2. Some of the core OPERS investment options were re-named to include the word “index” which reflects the change in how they will be managed.
3. To provide broader diversification, the asset allocations of certain OPERS Target Date Funds now include Treasury Inflation-Protected Securities (TIPS) and long duration bonds.
4. The OPERS Target 2010 Fund was phased out and assets were automatically transitioned to the OPERS Target Payout Fund unless otherwise directed by the plan participant.
5. The new OPERS Target 2055 Fund has been added. This fund is appropriate for investors who have a long investment period and are planning on accessing money from this fund between 2053 and 2057.

### Frequently asked questions:

**Q: Am I required to take any action as a result of these changes?**

**A:** No, there is no member action required. The changes occurred automatically.

**Q: Do these investment option changes involve an increase in fees?**

**A:** No, the OPERS investment option fees will decrease or stay the same. (*see article below*)

**Q: How do I make changes to the investments which make up my OPERS account?**

**A:** In order to change the investments in your account, you will need to call the OPERS Help Line at (866) 673-7748 or you can make changes online through My Benefits System (MBS).

1. Log on to MBS and click on the “My Contributions” link.
2. Click on “View Your Account Balances.” Then click on “Manage Investments” in the left column and choose “change elections.” This will allow you to change where your future contributions are allocated.
3. And/or click the “Fund Transfer” link. This will enable you to move money from your current balances into your choice of investment options.

## OPERS Investment Option Fees Lowered

Experts agree that one of the most important factors in choosing investments for your portfolio is the investments’ expense ratios. The lower the expense ratio, the more you keep in terms of investment returns.

Effective Dec. 6, 2010, four of the five core OPERS investment options that were previously actively-managed became passively-managed (index) funds. The OPERS Stable Value Fund is the only option that will remain actively-managed. In addition,

because the OPERS target date funds primarily consist of the OPERS core investment options, the OPERS target date funds also became primarily passively-managed funds. These changes, approved by the OPERS Board of Trustees, lowered expense ratios for 15 of the 16 OPERS investment options.

The expense ratios for the OPERS investment options have been below industry averages for similar funds since inception in January 2003 and

these recent changes reduce them even further. For example, the expense ratio for the OPERS Target 2025 Fund dropped from 0.19 percent to 0.07 percent. On a \$10,000 investment, that amounts to a savings of \$12 annually.

You can learn more about all OPERS investment options, including their new lower expense ratios, by visiting our website, [www.opers.org](http://www.opers.org), and clicking on “Investments.”

## Don't be the last to know Take advantage of OPERS' online communication options

OPERS is committed to offering online communications whenever possible. Communications via e-mail have increased, online application processes have been introduced, and we offer online publications including newsletters and annual statements.

**Electronic annual statements** – OPERS will begin mailing the *2010 Personal Statement of Estimated Benefits* in March 2011 and will continue through April. Members who are registered to use the My Benefits System (MBS) can choose to view their *Personal Statement of Estimated Benefits* online rather than receiving a copy by mail.

If you wish to view your statement online, you must select this option via MBS. Members who select this option will receive an e-mail notification when their statement is available to view online. Online statements can be viewed throughout the year and full color copies can be printed at any time.

Members who signed up to receive their statement online last year will receive it online going forward unless they change this preference via MBS. This statement is full of valuable, personalized information. Please keep it with your important financial records so you can refer to it as needed. If you misplace your statement or require a duplicate for any reason throughout the year, you can view and print a copy of your 2010 statement through MBS at [www.opers.org](http://www.opers.org).

Contact OPERS if you have not received your 2010 statement by April 30, 2011.

**Online publications** - Online publications offer immediacy, cost savings and a positive impact on the environment. The OPERS website offers instant access to a variety of publications from newsletters and leaflets to forms and health care coverage guides. Log in to MBS and select the "My Contact Info" tab to set your correspondence preferences to online.

**E-mail address** – If you change your e-mail address, you can update your contact information in MBS to ensure you continue receiving important news from OPERS. Log in to MBS and select the "My Contact Info" tab. The first box on the page allows you to be sure your e-mail address is correct. If not, click on "Edit" (on right side of box) and enter the correct address.

**Stay connected to OPERS by registering for MBS and be one of the first to receive news about your retirement benefits! Here's how:**

1. Log on to [www.opers.org](http://www.opers.org)
2. Click on the MBS "Register" button in the top, right corner of the home page. You will need your Social Security number and an active e-mail account. MBS will guide you through the registration process

### **New! OPERS e-mail news alerts - *what you need to know now***

OPERS now brings you up-to-the-minute news about the issues affecting your retirement with eNewsNow. This e-mail capability allows us to provide members with timely information in a fast and efficient manner. The first eNewsNow was sent Jan. 28 to more than 200,000 OPERS members and retirees. If you did not receive eNewNow, you are either not registered for MBS, or your current e-mail address is not on file with OPERS. To begin receiving these important e-mail alerts, register for MBS or call OPERS at 1-800-222-7377 to update your contact information. With many important issues on the horizon for 2011 it's important for you to stay informed.

OPERS will continue to utilize our website and printed newsletters to communicate important messages to members, but eNewsNow allows us to reach our members immediately, as needed, when something important or newsworthy happens between scheduled publications.

## OPERS introduces new online refund application

Once you have terminated public employment and have made the decision to refund your account, the last thing you want to face is a delay in the process. Luckily, OPERS provides a new way to avoid delays and receive your refund faster.

As part of our commitment to increase self-service opportunities and in response to our members' demands, OPERS now offers an electronic refund application through My Benefits System (MBS). The new online application features a tool providing simple, step-by-step instructions tailored specifically to your situation. Members can use the tool to complete, submit and print a copy of their refund application.

Delays in the refund process are largely due to incomplete or incorrectly completed applications. The new online application eliminates this problem by flagging incompletions or errors and alerting the member so the problem can be fixed before the application is submitted. Using the new tool, members can complete and submit their application(s) electronically and receive instant confirmation that the application has been received by OPERS.

Members will also be instantly notified if OPERS requires any additional information or documents in order to process the application. The tool allows you to print any required documents and check the status of your refund. You also have the ability to cancel or withdraw your application.

Save a stamp and take advantage of the new online refund application process. The online refund application tool is available to those members who register for MBS. If you aren't registered for MBS, registration is fast and easy. Visit [www.opers.org](http://www.opers.org) to register today!

## Health care seminars for active members

Our member-specific health care seminar is designed to address the needs and concerns of active members within five years of retirement. The seminar will help prepare members for the transition from employer-sponsored health care coverage to the OPERS retiree plan. Members will learn the details of their coverage options and how to navigate the application process.

All active member seminars begin at 1 p.m. Registration is required and seminars do fill quickly. Please call 1-800-222-7377 or visit [www.opers.org](http://www.opers.org) to register via MBS.

### 2011 OPERS health care seminars

<b>Cambridge</b> May 20	<b>Mansfield</b> (Bellville) Feb. 25
<b>Cincinnati</b> Aug. 26	<b>Mentor</b> Dec. 2
<b>Columbus</b> Dec. 9	<b>Miamisburg</b> March 18
<b>Columbus</b> (Reynoldsburg) Aug. 19	<b>Perrysburg</b> Nov. 17
<b>Huron</b> June 10	<b>Portsmouth</b> June 3
<b>Independence</b> Sept. 9	<b>Rootstown</b> (Ravenna) Aug. 5
<b>Lima</b> April 1	<b>Westlake</b> July 22



# 2011 calendar of educational seminars

## OPERS offers a wide variety of educational seminars

To register online, log onto My Benefits System (MBS) or call 1-800-222-7377 to register. Please check our website, [www.opers.org](http://www.opers.org), for the latest information. Seminars fill up quickly, so please register as early as possible.

### Note for Combined Plan participants:

*We invite and encourage you to attend any of the educational seminars listed here. Although the information will be beneficial, we want you to be aware the current focus of these seminars is on the defined benefit portion of your individual account. Please indicate you are a member participating in the Combined Plan when registering for a seminar. This will allow us to have materials and staff available to address your specific needs and concerns.*

## One-on-one retirement counseling

You can now have your questions about preparing for retirement or changing plans answered close to home. OPERS counselors travel to various locations around Ohio for remote counseling sessions specifically for our Member-Directed and Combined Plan participants. You can also set up an in-person counseling session in Columbus or you can have your questions answered over the phone. Call 1-800-222-7377 to register for a remote seminar, schedule an in-person appointment with a counselor at the OPERS office or set up a time for a counseling session over the phone (approximately 30 minutes).

## Investment education

OPERS staff provides investment education and discusses the tools and resources available to help Member-Directed and Combined Plan participants manage their OPERS account. A video seminar, "Managing Your Individual OPERS Account," can be viewed online at [www.opers.org](http://www.opers.org). A similar live and interactive web seminar will be offered periodically and advertised via e-mail, based on demand.

**Retirement Awareness Program (RAP)** – A seminar for members who are within five years of retirement. Topics include OPERS benefits, deferred compensation and Social Security. During this full-day seminar you will be provided with supplemental reference materials. You are welcome to bring one non-member guest with you. **Registration is required.**

### 2011 RETIREMENT AWARENESS PROGRAM

<b>Canton</b> Sept. 13	<b>Columbus OPERS</b> Feb. 17	<b>Independence</b> Aug. 10
<b>Cincinnati East</b> April 13 Aug. 24	June 29 Aug. 16 Oct. 5 Dec. 7	<b>Ohio University</b> May 24
<b>Cincinnati North</b> May 18 Oct. 19	<b>Dayton</b> Feb. 23 June 16	<b>Perrysburg</b> July 20
	<b>Eastlake</b> July 13	<b>Strongsville</b> May 4 Oct. 25

**Retirement Readiness** – A seminar for members who are within 18 months of retirement. Your Ohio PERS benefits are discussed, along with time frames and details of paperwork needed for processing your pension benefits. You may bring one non-member guest with you. **Registration is required.**

### 2011 RETIREMENT READINESS

<b>Canton</b> Sept. 14	<b>Columbus OPERS</b> March 30	<b>Independence</b> March 3 Aug. 11
<b>Cincinnati East</b> April 14 Aug. 25	May 12 June 30 Aug. 17 Oct. 6	<b>Ohio University</b> May 25
<b>Cincinnati North</b> May 19 Oct. 20	<b>Dayton</b> Feb. 24	<b>Perrysburg</b> March 25 July 21
	<b>Eastlake</b> July 14	<b>Strongsville</b> Oct. 26

# OPERS Disability Benefits Program

## New partnership with third party administrator

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OPERS is committed to providing our members with a disability benefits program that is fair, equitable and aligned with accepted industry standards. To ensure our ability to provide and deliver benefits to those who truly need them, OPERS is partnering with the MLS Group of Companies, Inc. to provide quality medical assessment and customer service to our disability applicants and disability recipients.

**About the MLS Group** - The MLS Group of Companies, Inc. is a provider of independent medical evaluations, peer review services and functional capacity evaluations. The MLS Group of Companies, Inc. includes: Managed Medical Review Organization (MMro); MLS Peer Review Services; and MLS National Medical Evaluation Services. They have developed a qualified network of health care professionals throughout the U.S.

**OPERS and MLS Partnership** - OPERS and MLS will partner to better facilitate the processing of new applications, appeals, continued treatment, annual reviews, employment assessments, benefit termination requests and early survivor benefit disability decisions.

Members will continue to submit their applications and supporting medical documentation to OPERS. OPERS will then have MMro review and evaluate the information to determine the best path for assessment of each member's condition. If an independent medical examination is needed, MMro will work directly with the member to coordinate the date and time of the examination.

Once the medical examination is completed, MMro will review all the medical documentation and forward to OPERS a recommendation of their

assessment. The OPERS Board of Trustees continues to make a final determination of disability. This process will result in a fair and comprehensive assessment.

Disability recipients who are under a continued treatment program will work directly with MMro in managing their ongoing care.

Now that you have been introduced to MLS, if you receive or apply for disability benefits, you can expect to receive various correspondence and communication from a representative or physician who is part of this group. This new partnership is an important part of our program that will allow OPERS to continue delivering disability benefits efficiently and professionally.

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## Health care update for re-employed retirees

If you decide to become a re-employed retiree with OPERS benefits, it is important that you review and understand the following information to avoid any misinterpretation of your health care coverage through OPERS.

Federal law prohibits re-employed retirees from being covered by the OPERS health care plan as secondary when enrolled in an employer's high-deductible health plan (HDHP) and a health savings account (HSA).

**If your employer offers a high-deductible health plan (HDHP) for employees, please note:** If you are a re-employed retiree with access to employer coverage (even if it is an HDHP) you must take it according to Ohio Revised Code 145.38 and Ohio Administrative Code 145-1-75(E). However, if you take the HDHP plan, you are not eligible for and may not have OPERS' secondary health care coverage.

Please contact member services at 1-800-222-7377 for more information regarding this issue.



Printed in Ohio on paper with a 10% post-consumer content

## 2010 OPERS Board of Trustees election results

Last year's election for the OPERS Board of Trustees seat representing state employees was won by Matthew Schulz. Schulz began serving his four-year term Jan. 1, 2011. The retiree, college/university employee and municipal employee seats were uncontested races and thus no election was conducted. Sharon Downs, Kimberly Russell and Ken Thomas began new four-year terms Jan. 1, 2011.

### Ohio PERS Board of Trustees

The 11-member OPERS Board of Trustees is responsible for the administration and management of OPERS. Seven of the 11 members are elected by the groups that they represent (i.e., college and university non-teaching employees, state, county, municipal, and miscellaneous employees, and retired members); the Director of the Department of Administrative Services for the state of Ohio is a statutory member, and three members are investment experts appointed by the Governor, the Treasurer of State, and jointly by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate.

#### Elected Board Members

**Sharon M. Downs**  
Retired Members

**John W. Maurer**  
Retired Members

**Kimberly Russell**  
State College and University Employees

**Matthew Schulz**  
State Employees

**Cynthia Sledz**  
Vice Chair  
Miscellaneous Employees

**Ken Thomas**  
Chair  
Municipal Employees

**Helen Youngblood**  
County Employees

#### Statutory Board Member

**Bob Blair**  
Director, Department of Administrative Services

#### Appointed Board Members

**Lennie Wyatt**  
Investment Expert  
Governor Appointee

**Charlie Adkins**  
Investment Expert  
Treasurer of State  
Appointee

**James R. Tilling**  
Investment Expert  
General Assembly  
Appointee

**Chris DeRose**  
Chief Executive Officer